



Department of State

EXCISE

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 ADP-00 L-03

SCEN-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 NSAE-00

NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 COME-00

INT-08 TRSE-00 RSR-01 /163 W
065016

R 271757Z AUG 73
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 9374
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY ATHENS
AMEMBASSY LONDON
AMEMBASSY TRIPOLI
OECD PARIS
USMISSION EC BRUSSELS

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY cf DATE 12/20/82

RDS ☐ br XDS ☐ EXT. DATE

TS AUTH. REASON(S)

ENDORSE EXISTING MARKINGS ☒

DECLASSIFIED ☐ RELEASABLE ☐

RELEASE DENIED ☒ IN PKT

PA or FOI EXEMPTIONS

SI, A3

C O N F I D E N T I A L BRASILIA 5535

E.O. 11652: GDS
TAGS: ENRG, LY, BR
SUBJ: LIBYAN OIL EXPROPRIATION
REF: STATE 166921, 163502, 166923

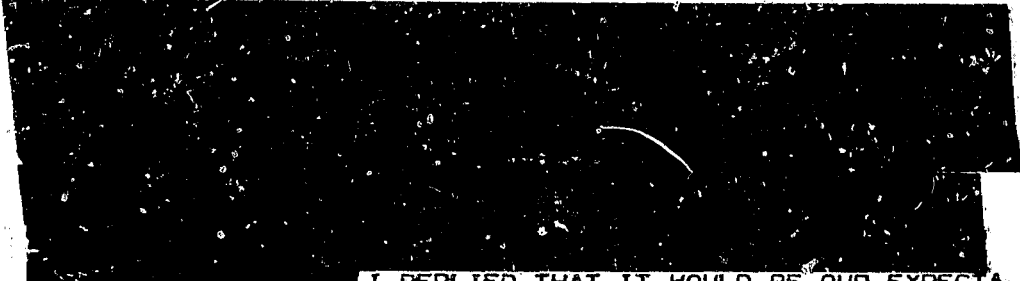
1. IN CALL LATE AUG 24 ON SECGEN CARVALHO E SILVA (WHO WAS ACCOMPANIED BY MINISTER NOGUEIRA BAPTISTA HEAD OF ECONOMIC DEPARTMENT), I DESCRIBED DEVELOPMENTS IN LIBYAN SITUATION, NOTING ESPECIALLY MAJORS' INTENTION TO STAND FIRM THEIR PLANS IN EVENT NATIONALIZATION TO USE ALL LEGAL MEANS AVAILABLE TO FIGHT SALE AND PURCHASE OF CRUDE FROM EXPROPRIATED PROPERTIES, AND WASHINGTON'S STRONG
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INTENTION TO SUPPORT MAJORS IN CONSTRUCTIVE FASHION.

2. LAYING STRESS ON THE IMPORTANCE OF UNIFIED RESISTANCE BY MAJOR CONSUMING COUNTRIES TO ILLEGAL AND ARBITRARY ACTIONS BY GOL WHICH COULD ONLY PRODUCE FURTHER SPIRAL OF PETROLEUM PRICES, I SAID THAT IT WAS MOST IMPORTANT THAT LIBYAN ACTIONS NOT BE ENCOURAGED THROUGH PURCHASES OF EXPROPRIATED OIL.



B1. A 3

I REPLIED THAT IT WOULD BE OUR EXPECTATION THAT GOVERNMENTS WOULD BE TAKING MEASURE OF A LEGAL OR MORAL SUASION NATURE WITH SUCH PRIVATE COMPANIES AND THE LEGAL ACTIONS WHICH THE MAJORS WERE DETERMINED TO TAKE WOULD, OF COURSE, ALSO BE OPERATING AS A STRONG DETERRENT. IN RESPONSE TO A QUESTION ABOUT USG ACTIONS WITH RESPECT TO US COMPANIES PURCHASING EXPROPRIATED LIBYAN OIL, I SAID THAT I ASSUMED THAT MORAL SUATION WAS BEING, AND WOULD BE, EXERTED AND THAT, ALTHOUGH I WAS NOT INFORMED ABOUT THE LEGAL POSSIBILITIES OF GOVERNMENT ASSOCIATION IN SUITS, I WAS CONFIDENT THAT THOSE POSSIBILITIES WERE BEING FULLY EXAMINED, GIVEN THE SERIOUSNESS OF THE MATTER.

4. AFTER SOME SPARRING ABOUT THE LEGALITY OF THE LIBYAN EXPROPRIATIONS, ACCOMPLISHED AND POTENTIAL, CARVALHI E SILVA ASSURED ME THAT FOREIGN MINISTER GIBSON BARBOSA, FOLLOWING THE CHARGE DEMARCHE PC AUGUST 3, HAD RAISED

THE MATTER WITH "HIGHER AUTHORITY" AND THAT IT WAS STILL UNDER STUDY. HE SAID THAT MY PRESENTATION WOULD BE TRANSMITTED IMMEDIATELY AND WOULD BE MADE PART OF THE STUDY. CRIMMINS

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